

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re:

CELSIUS NETWORK LLC, *et al.*,¹

Debtors.

)
) Chapter 11
)

) Case No. 22-10964 (MG)
)

) (Jointly Administered.)
)

DANIEL A. FRISHBERGS' LETTER TO THE COURT
REGARDING THE GK8 SALE

To: The Honorable Chief Judge Martin Glenn

CC: Celsius Network LLC, et al, and the committee of unsecured creditors

Dear Chief Judge Glenn,

I am writing to Your Honor to respectfully request that the sale of GK8 to Galaxy Digital be stayed pending my motion for reconsideration, which will be filed in the coming days and heard before this court on January 24th, 2023. I have recently become aware of new evidence that suggests that bankruptcy fraud may have occurred. The GK8 Debtors appear to hold a combined \$1,550,000,000 in insurance policies (see **Exhibit A** for a *very* recently obtained

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are: Celsius Network LLC (2148); Celsius KeyFi LLC (4414); Celsius Lending LLC (8417); Celsius Mining LLC (1387); Celsius Network Inc. (1219); Celsius Network Limited (8554); Celsius Networks Lending LLC (3390); Celsius US Holding LLC (7956); GK8 Ltd. (1209); GK8 UK Limited (0893); and GK8 USA LLC (9450). The location of Debtor Celsius Network LLC's principal place of business and the Debtors' service address in these chapter 11 cases is 50 Harrison Street, Suite 209F, Hoboken, New Jersey 07030.

sworn declaration by Mr. Jon Levy, an attorney and expert witness, on Celsius's insurance policies with AON).

To the best of my knowledge, the Debtors not only left out² important information on \$1.55 billion in insurance policies from all court filings leading up to the sale, but that this material omission may have been a breach of their fiduciary duty to creditors, who needed to understand this insurance, and its value an asset to creditors and claims we may have against this insurance, before a sale that may limit future claims against the insurance, or grant these claims to Galaxy Digital, is allowed to continue.³

I have learned that both Galaxy Digital and the Debtors knew about these insurance policies during the sales process. At a minimum, Galaxy Digital was informed about these insurance policies, and fraud claims, in a letter sent on December 12th, 2022, which was received by their New York office on December 15th, 2022, according to the declaration of Mr. Levy, which raises questions about whether they are a good faith purchaser under 11 USC § 363(m). (See **Exhibit A**)

I also discovered that issues around GK8's insurance have been raised in this court before, however, the Debtors never responded. Having read about these issues months ago, they cannot claim ignorance in leaving these insurance policies off their disclosures for all this time.

(See Docket No. 754, *Limited Objection to the Debtor's Application for Entry of an Order*

² Docket No. 1626 mentions insurance from Lloyds, but AON is not specifically mentioned.

³ It is not clear to me whether the sales order limits potential recoveries against this insurance, but if it does, the value of possible claims and recoveries could be **significantly** more than the \$44 million sales price. Even if it does not, disclosure, a review of the policies, and how they interact with the sales order, is needed. If these claims remain with the Estate, the Debtor needs to disclose these policies before a bar date is set for GK8 claims.

Authorizing the Retention and Employment of Kirkland & Ellis LLP and Kirkland & Ellis International LLP as Attorneys for the Debtors and Debtors in Possession Effective as of July 13, 2022, (pg. 4-8). See also Docket No. 783, Debtors' Omnibus Reply to Certain Objections to the Debtors' Retention of Kirkland & Ellis LLP and Kirkland and Ellis International LLP, which contains no reply to the GK8 insurance issues raised in Docket No. 754.)

Like many Celsius customers, I saw and relied on Celsius' advertisement of GK8 insurance on their homepage pre-petition. It seems that they knew of this insurance issue for months, and have chosen to ignore the insurance itself, in addition to the statements made about the insurance to Celsius customers right before the Pause. Now, I have information that there is **far more** insurance than customers even knew about, along with an expert declaration on the matter. This raises serious questions about bankruptcy fraud, or, at a minimum, whether material omissions related to GK8 were made during the disclosure process.

This is why I request that you stay the sale. At a *minimum*, before a final sale goes through, I believe the Debtors, the UCC, and other professionals need to clarify the situation around GK8's insurance policies, submit declarations about these insurance policies so customers know what exists and what claims are being given up during a sale, and there needs to be an inquiry into whether disclosure of these policies would have changed the value of GK8 or the rights of customers to make claims against these policies, including derivative claims. What I request also happens (to quote Dr. Levy): "I recommend that an expert insurance examiner should be retained to verify the existence of the policies mentioned herein, examine them and to determine whether wrongful conduct of some sort has occurred by GK8, Celsius Network and

third parties which resulted in concealment of material facts from creditors and deceived the public between June 5, 2022 and July 8, 2022 when Celsius Network held out to its investors and potential investors including the creditors the existence of \$750 million in asset insurance. The sale of GK8 should not be consummated until these issues are resolved to the Court's satisfaction."

\$1.55 billion in insurance is too far much money to have uncertainty around. We need to know the truth. I will also be following up with more requests for relief in my motion, but for now, I hope you will consider staying the sale.

Thank you for your consideration,

Daniel Frishberg, *Pro Se*

December 22nd, 2022,

Florida, USA,

/s/Daniel A. Frishberg

Exhibit A

DECLARATION OF DR. JONATHAN LEVY

Pursuant to 28 U.S.C. § 1746, I hereby declare as follows:

1. I, Dr. Jonathan Levy, graduated from the University of Cincinnati where I earned a MA (2002) and PhD (2006) in Political Science. Previously, I earned a JD degree and have been a practicing lawyer continuously since 1992 and a member of the California Bar in good standing. I am currently a solicitor consultant with the London law firm of B&M Law LLP specializing in cryptocurrency, whistleblower cases and irregular cross border transactions. I am a member of the Law Society (England & Wales) and hold a practicing certificate. I am also enrolled as a solicitor with the Irish Law Society and admitted to the roll of legal practitioners for the British Virgin Islands, an advocate of the St. Helena Supreme Court and solicitor practicing before the Supreme Court of the British Indian Ocean Territory. As US co-lead counsel I have been involved in complex financial legacy cases such as *Alperin v. Vatican Bank*, *AM Trust v. UBS AG*, and *Taiwan Civil Rights Litigation Organization (TCRLO) v. Kuomintang Business Management Committee (KBMC)*.
2. Since 2006 I have been a faculty member at Norwich University (Vermont), where I am currently employed as a senior adjunct instructor. I instruct in the MA programs and students in Diplomacy, International Relations and Criminal Justice including courses in Responses to Transnational Terrorism. I am an adjunct professor at Southern New Hampshire University instructing at the graduate and undergraduate levels. I previously instructed legal studies and public administration for Kaplan University. I am a founding research fellow at the Institute for National and International Security in Belgrade, Serbia and a distinguished professor at Megatrend University.

3. Since 2017, I have represented clients in matters involving cryptocurrency and since 2018 exclusively victims of cryptocurrency scams, hacks, and consumer claims. I am currently involved in Irish litigation against the owner of ccTLD .io, I am worldwide restitution counsel for whistleblowers and victims of the infamous OneCoin Ponzi scheme and have proposed the creation of an industry funded cryptocurrency victim superfund to the European Union. I also am representing some of the Celsius Network creditors in claims involving third party fraud. This declaration was prepared to assist in the third party fraud claims but has been provided to Celsius Network creditors as the information and expert opinion herein is relevant to their claims.

4. In the course of my investigation of third party fraud by insurers, I became aware of at least three cryptocurrency insurance policies associated with the debtors Celsius Network LLC and GK8 Ltd totaling at least \$1.55 billion in face value as of December 9, 2022.

5. One of the main selling points of Celsius Network was that assets carried or would carry some sort of insurance. The attached document (Exhibit One) is a true and correct copy of information obtained from <https://allaboutcelsius.com/celsius-self-insurance-plan/> which I believe was content generated by Celsius Network and since deleted.

6. In Exhibit One it is explained that Celsius' custodian, Fireblocks LLC, carries insurance but that this insurance does not apply to Celsius deposits. In a teleconference with Fireblocks LLC, Chief of Compliance, Jason Allegrante, on August 11, 2022, Mr. Allegrante confirmed that Fireblocks LLC had insurance but declined to name the insurer. Mr. Allegrante however disputed that Fireblocks LLC was the custodian for Celsius Network or that Fireblocks LLC insured Celsius Network. While I cannot confirm the amount of the policy based on public statements by Alex Mashinsky and Nuke Goldstein, the Fireblocks LLC insurance is no more

than \$30 million. See: <https://www.youtube.com/watch?v=x-X0xmzO8Vg&t=45s> [retrieved July 3, 2022]

Mr. Allegrante's statement however conflicts with previous statements attributed Mr. Mashinsky *infra* which are consistent with the YouTube video *supra* regarding its status of custodian:

Fireblocks, our custodian, provides insurance on digital assets held by Celsius.

However, we generate interest rewards by deploying assets. When these assets are out of Celsius's control, they can't be insured by such insurance.

To ensure coin loans are always returned to Celsius, we require borrowers to post collateral of up to 150% (which means that the borrower gives Celsius an alternative asset as collateral for the asset they are borrowing) or we conduct thorough due diligence reviews of borrower's financials and repayment ability.

<https://support.celsius.network/hc/en-us/articles/360002174718-Does-Celsius-have-an-insurance-policy-> [retrieved July 3, 2022]

7. The debtor GK8 Ltd. (Israel) is 100% owned by the debtor Celsius Network Ltd (UK). The foreign companies GK8 Ltd. and Celsius Network Ltd, have concealed vital information from the Court and creditors involving an insurance policy and insurance relationship between GK8 Ltd and the insurer Aon plc (Ireland) and Lloyds Underwriter Syndicate No. 2012 AAL which is unique in the cryptocurrency industry and therefore extremely valuable. Additionally, sometime after December 9, 2022, a \$1 billion policy was obtained from USI Insurance Services in New York which either superseded or is in addition to the Aon plc and Lloyds Underwriter Syndicate No. 2012 AAL policies and relationships.

8. GK8 Ltd. in its disclosure of insurance assets filed with this Court in Case no. 22-10964-MG (Doc 1655 Filed 12/09/22), at Exhibit 3, GK8 Ltd. Insurance Policy, there is an insurance policy

listed entitled E&O Insurance, Lloyds Underwriter Syndicate No. 2012 AAL and a policy number is provided:

22-10964-mg Doc 1655 Filed 12/09/22 Entered 12/09/22 14:59:02 Main Document
Pg 14 of 16

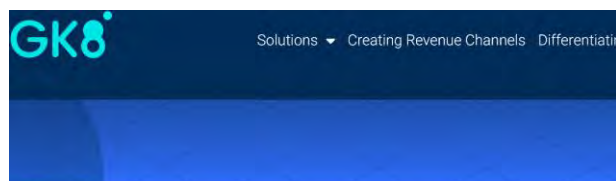
Type of Coverage	Insurance Carrier(s)	Policy Number	Policy Term
E&O Insurance	Lloyd's Underwriter Syndicate No. 2012 AAL	CRM2200000001-000	8/1/2022 - 8/1/2023

Lloyds Syndicate 2012 (AAL) is managed by Arch Managing Agency Limited and regulated by the UK Financial Services Authority.

9. GK8 Ltd. on its website GK8.io publicly held out to its customers that it provided to them \$500 million in insurance and prominently displays a distinctive umbrella logo in doing so:



On or about June 9, 2020, Aon plc and GK8 Ltd entered into a partnership agreement to ensure the GK8 Ltd. “cold wallet” for \$500 million, this policy was in effect until very recently. See <https://web.archive.org/web/20221209013500/https://www.gk8.io/> [December 9, 2022]



AON'S PARTNERSHIP WITH GK8 PROVIDES INSURABLE DIGITAL-ASSET STORAGE TECH

News June 9, 2020

www.gk8.io/aons-partnership-with-gk8-provides-insurable-digital-asset-storage-tech/

The product provided by GK8, a high-security custody solution for safeguarding and managing digital assets, is now insurable via Aon UK Ltd utilising insurance provided by a panel of insurers led by Arch Underwriting at Lloyd's Syndicate 2012, which is part of the Lloyd's insurance market.

GK8 clients can activate the insurance policy to protect their assets under custody at a coverage cap of potentially USD500 million. The company's custodian technology is already operational and helps to securely manage digital assets for world renowned companies like eToro.

<https://www.hedgeweek.com/2020/06/09/286342/aons-partnership-gk8-provides-insurable-digital-asset-storage-tech>

10. The \$500 million digital asset insurance obtained through Aon plc was “pooled insurance.” By contrast a much larger custodial type of company, Fireblocks LLC, could manage only perhaps \$30 million. The \$500 million dollar Aon plc policy therefore is a unique and valuable asset to the creditors.

11. Despite not updating their website on a timely basis, on or about November 28, 2022 GK8 obtained \$1.125 billion in insurance through USI Insurance Services. This policy provided \$1 billion in pooled insurance and \$125 in non-pooled vault insurance to GK8 customers. See: <https://www.gk8.io/pr-gk8-first-to-provide-institutions-access-to-1b-insurance/>. It is unknown how this relates to the Lloyds 2012 Syndicate insurance. The umbrella logo however continues in use by GK8.



(Retrieved from GK8.io on December 23, 2022.)

12. An additional agreement was entered into by GK8 Ltd. and Aon PLC that provided GK8 Ltd. the right to offer additional non pooled insurance of up to \$750 million exclusively to GK8 vault customers.

We've got you covered
Offering the highest
available coverage on
digital assets



Through our arrangement with
AON, GK8 customers can
quickly and seamlessly access
coverage of up to
\$750,000,000 per vault (NOT
pooled insurance!).

Service provided exclusively to
GK8 customers by Aon UK.

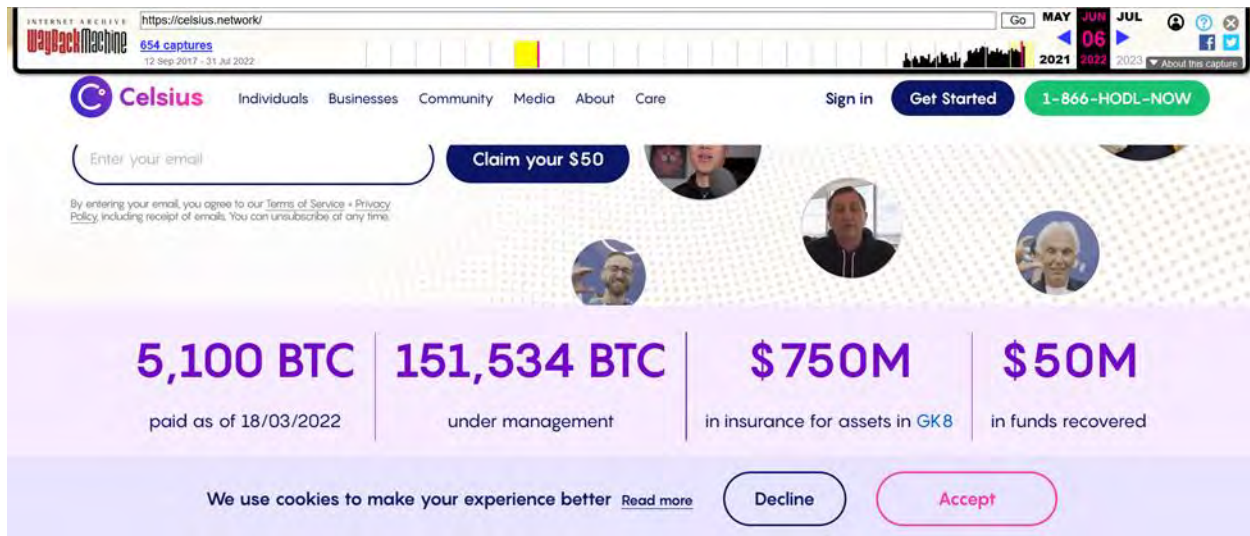
Aon

page 12



(Exhibit Two - GK8 Sales deck by Lior Lamesh CEO, page 12)

13. Between approximately June 5, 2022 and July 8, 2022 Celsius Network held out to its investors and potential investors including the creditors the existence of \$750 million in insurance through GK8 which is reasonably believed to be the non-pooled \$750 million insurance policy offered by Aon PLC exclusively to GK8 customers, in addition to the \$500 million pooled Lloyds policy through GK8 itself that covered all GK8 Ltd. customers. The strange timing of this representation was to ensnare new customers into the failing enterprise and reassure and calm depositors (creditors) that their deposits were safe and to prevent “a run on the bank.”



Celsius website as of June 6, 2022 web.archive.org/web/20220606133917/https://celsius.network

On June 12, 2022, Celsius froze all investor accounts and on July 13, 2022 Celsius filed for a bankruptcy reorganization, a month after the account freeze.

14. Celsius CEO Mashinsky in his sworn declaration of July 14, 2022 to this Court provided the impression that GK8 had no relationship to the Celsius Network deposits or operations:

86. While Celsius has not been able to integrate GK8's operations post-acquisition given Celsius' focus on its own liquidity position, GK8 is a valuable asset in light of an industry-wide migration to self-custody post the "cryptopocalypse." The Company is exploring both a marketing and sale process of the GK8 business and a complete integration and utilization of the GK8 business into Celsius' own platform.

15. Only customers of GK8 could purchase the \$750 million Aon plc non pooled vault policy as well as enjoy the \$500 million in pooled Lloyds insurance. CEO Mashinsky provided in his sworn statement the distinct impression of the nonexistence of any vendor or customer relationship between GK8 and Celsius Network.

16. I sought clarification of Aon plc's relationship to both Celsius Network Ltd. and GK8 from Aon PLC's Compliance Section. On August 19, 2022, Aon plc Compliance replied:

Dear Dr Levy

Thank you for your emails of 15 and 17 August. As you will appreciate, Aon does not normally share details about its clients and counterparties given that such information is commercially sensitive and potentially subject to confidentiality obligations.

We can confirm, however, that Aon does not currently have any formal arrangements or agreements with Celsius Network.

Best regards

After a follow up request for further information and its plan of action, Aon replied again on August 25, 2022 as follows:

Dear Dr Levy:

Thank you for your further email.

We have already confirmed Aon's position regarding Celsius Network. We are unable to provide you with any further information and have no obligation to do so.

Best regards

Aon plc refused to confirm or deny its very public relationship with GK8 Ltd. which included GK8's use of the actual Aon PLC logo in its promotional materials (Exhibit Two) and while Aon plc claims that as of August 19, 2022 that it currently has no "formal arrangement or agreements with Celsius," Aon plc did not however address if insurance existed between June 5, 2022 and July 8, 2022 or any other time prior to August 19, 2022.

17. While Aon plc conditionally denied a relationship with Celsius Network, Celsius Network in an October 5, 2022 filing with this Court entitled “GLOBAL NOTES AND STATEMENT OF LIMITATIONS, METHODOLOGY AND DISCLAIMERS REGARDING THE DEBTORS’ SCHEDULES OF ASSETS AND LIABILITIES AND STATEMENTS OF FINANCIAL AFFAIRS” (22-10966-mg Doc 7 Filed 10/05/22) reveals a relationship of some sort exists with Aon plc subsidiaries at 77 of 321:

2.120	<p>State what the contract or lease is for and the nature of the debtor's interest</p> <p>State the term remaining</p> <p>List the contract number of any government contract</p>	<p>MUTUAL NONDISCLOSURE AGREEMENT -- EFFECTIVE DATE: 11/17/2021</p>	<p>AON RISK INSURANCE SERVICES WEST, INC. 707 WILSHIRE BOULEVARD LOS ANGELES, CA 90017</p>
2.121	<p>State what the contract or lease is for and the nature of the debtor's interest</p> <p>State the term remaining</p>	<p>MUTUAL NONDISCLOSURE AGREEMENT -- EFFECTIVE DATE: 02/28/2022</p>	<p>AON RISK SERVICES NORTHEAST, INC. 165 BROADWAY SUITE 3201 ONE LIBERTY PLAZA NEW YORK, NY 10006</p>

18. I provided notice of the third party insurance and fraud claims to the prospective purchaser of GK8 LTD, Galaxy Investment Partners LLC, by US Priority Mail letter 9405 5036 9930 0422 9521 84 which was received at their New York office on December 15, 2022.

19. The conclusions that may be drawn are:

- a. The debtors have not fully disclosed meaningful information about the Lloyds Underwriter Syndicate No. 2012 AAL policy believed be pooled insurance with a face value of \$500 million;
- b. The debtors have not disclosed meaningful information about the non-pooled insurance of \$750 million that was available through Aon plc until November 28, 2022 and which Celsius Network touted as its digital asset insurance just prior to its Chapter 11 filing;
- c. The debtors have not provided information about the \$1.125 billion insurance policies obtained through USI Insurance Services on November 28, 2022;

d. The debtors have not explained how Celsius Network obtained \$750 million in insurance just prior to filing for Chapter 11 relief and what became of the insurance.

e. The denials of Aon plc compliance need to be reconciled with the claim of \$750 million in insurance by Celsius through GK8 and NDAs signed with Aon subsidiaries.

f. The existence of GK8 derived insurance for Celsius Network needs to be reconciled with the statements of the Celsius Network CEO and the December 7, 2022 Debtor Motion on the Sale of GK8 (22-10964-mg Doc 1626 Filed 12/07/22) in which the debtor states at ¶1:

“Celsius intended to integrate GK8 into its platform to enhance Celsius’ ability to provide consumers with custody services by April 2022. In light of its own liquidity position, however, Celsius was not able to integrate GK8’s operations into its platform.”

g. The failure of the debtors to incorporate the November 28, 2022 change of insurance from Aon plc to USI Insurance Services and the resulting policy face value changes in the December 7, 2022 motion on the sale of GK8 was a material omission of vital information.

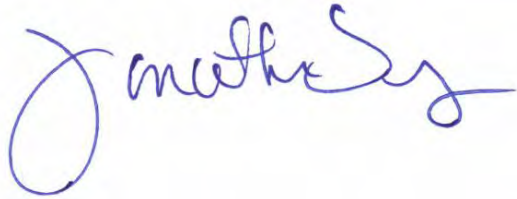
20. I recommend that an expert insurance examiner should be retained to verify the existence of the policies mentioned herein, examine them and to determine whether wrongful conduct of some sort has occurred by GK8, Celsius Network and third parties which resulted in concealment of material facts from creditors and deceived the public between June 5, 2022 and July 8, 2022 when Celsius Network held out to its investors and potential investors including the creditors the existence of \$750 million in asset insurance. The sale of GK8 should not be consummated until these issues are resolved to the Court’s satisfaction.

21. The following attached exhibits are true and correct copies of the originals:

- a. The Celsius Network Self Insurance Plan (Exhibit One)
- b. GK8 Promotion Materials including page 12 cited herein (Exhibit Two)

I, Jonathan Levy, declare under penalty of perjury that the foregoing is true and correct.

Executed on 12/23/2022 at Bluffton, South Carolina.

A handwritten signature in blue ink, appearing to read "Jonathan Levy". The signature is fluid and cursive, with a large initial "J" and a stylized "L".

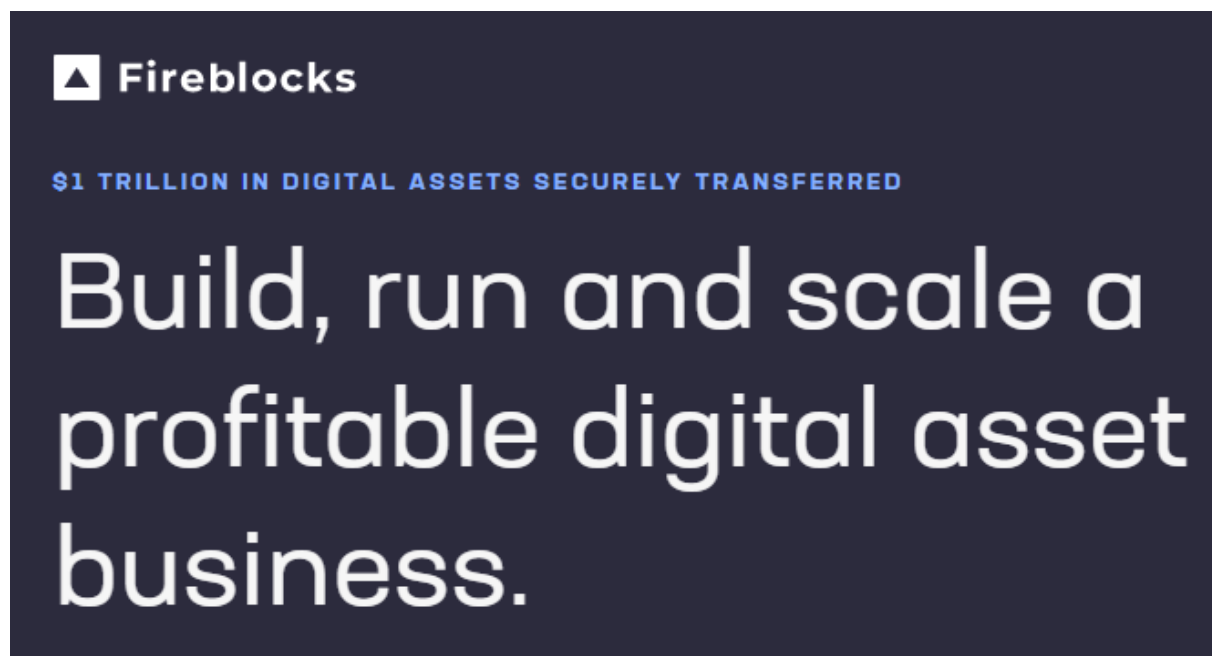
ALL ABOUT CELSIUS

Celsius Network Self-Insurance Plan

“Would you consider crypto insurance that covers assets loaned to institutions and exchanges? It’s coming to Celsius Network!”

One of the most exciting announcements by Celsius Network this year is the upcoming launch of a self-insurance plan. It’s crypto insurance for counter-party risk. Many Celsius users often ask: *but aren’t my deposits and assets covered by insurance? Doesn’t Celsius Network provide an asset insurance policy?* The simple answer is both yes and no. Let’s explain...

Fireblocks Insurance Plan



Fireblocks is the current custodian for Celsius Network (it used to be BitGo). A crypto custody company is essentially a 3rd party provider of storage and security services for cryptocurrency assets. Their services are mainly aimed at institutional investors, such as large crypto companies and hedge funds, who hold large amounts of bitcoin or other crypto assets. However, Fireblocks does NOT insure against Celsius’ counter-party risk.

Fireblocks provides insurance on digital assets held by Celsius in cold storage and hardware wallets only. However, any asset generating yield and income for Celsius are deployed from these cold wallets, and therefore are NOT covered by Fireblocks' insurance policy.

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Celsius Insurance Policy

Unfortunately, Celsius does not provide an insurance policy for users' assets other than those that are kept in cold storage through their custodian, Fireblocks. This represents a small fraction of the total assets under management (AUM). There is no insurance for crypto counter-party risk.

Since Celsius Network generates yield and income by deploying assets to lending programs, DeFi and other income generating sources, those assets that are deployed are NOT insured.

Essentially, when assets are deployed, they are not in control by Celsius. Therefore, they can't be insured by Fireblocks. This is called "counter-party risk".

In order to mitigate risk for both the company as well as the users, Celsius requires borrowers to post collateral of up to 150% in most cases. What this means is that a borrower borrowing from Celsius will need to give the company an alternative asset as collateral for the asset they are borrowing. On all occasions and for loan approvals, Celsius will do an incredible amount of due diligence into the borrower's financial wellbeing as well as ability to repay the loan. However, assets that are lent out are not currently insured. Currently, there is no crypto counter-party insurance with Celsius Network.

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Upcoming Celsius Self-Insurance Plan

Here comes the exciting part! Celsius is launching a crypto self-insurance plan for its users to protect against counter-party risks. What this means is that users will eventually have the ability to opt-in or opt-out of a crypto self-insurance plan that will insure their cryptocurrency assets that are not insured by Fireblocks (assets that are stored in cold wallets). So think assets (counter-party) that are lent out to DeFi platforms, lending protocols, farming etc. They can all be insured using

the new Celsius self-insurance policy. This is an absolute game-changer!

The estimated launch for this Celsius counter-party risk insurance plan is for Q4 2021 to Q1 2022.



“You asked for it and we listened. We will be launching a self-insurance plan for all Celsius users that will cover all your coins, it will take us a few months but it will insure coins lent out to institutions and exchanges. No one else has such insurance today.”

As Alex Mashinsky (CEO, Celsius) noted in his above tweet, the Celsius self-insurance plan is truly unique. No other company or platform or exchange offers such insurance policies to protect users’ counter-party risk. Obviously, this new self-insurance plan is a risk management tool whereby both Celsius and Celsiusians can opt to insure part or their entire asset portfolio from unforeseeable hacks or losses.

In addition, users can opt against third-party insurance firms like Nexus Mutual where the premiums can sometimes exceed expected losses (they are not cheap and usually not worth it!). These 3rd party insurance products also protect against crypto counter party risk, but they are seen as too new, unestablished and expensive for the current market place.

The Celsius self-insurance program will need to set aside a certain pool of funds. These funds will be topped up by Celsius itself, as well as users who opt-in to the program. It is yet to be determined how much this will cost the individual user, but there have been talks that a certain % of weekly rewards will be paid into the self-insurance pool (as weekly rewards are almost directly related to a users’ total portfolio value).

Alex Mashinsky noted on a previous AMA that users who opt into the crypto counter-party risk insurance will pay approximately 0.5 to 1.0% of their weekly rewards that will be accumulated in the insurance pool. It will likely be around 0.5% (rather than 1.0%).

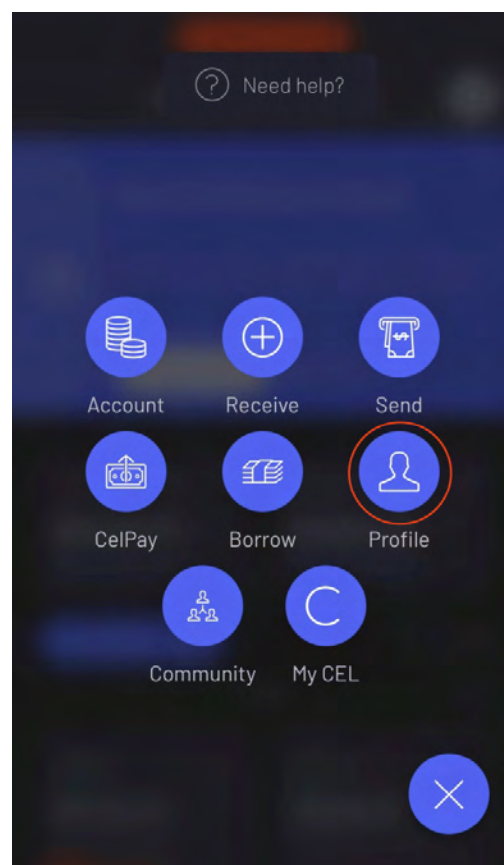
In addition, the total assets within the Celsius insurance pool will be published. All Celsiusians will be able to see and reference exactly how much insurance there is. Celsius will be fully transparent about the insurance pool totals.

The Celsius insurance pool will be used for emergencies such as hacks and loss of assets. This ‘rainy day fund’ will cover unexpected losses that could affect the assets of Celsiusians.

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How do you Opt-In for Self-Insurance (and Opt-Out)?

As soon as a self-insurance product was on its way, Celsius updated their mobile app to allow users to opt-in and opt-out of this program. By default, you are opted-out. You can switch between opting in and out at any time (as we’re sure many Celsiusians may change their mind once more information and details come out).



Here are the steps to opt-in and out of the upcoming Celsius self-insurance plan. Please note that you can only do so on your mobile app (not available on desktop):

1. Navigate to the main menu (Celsius logo on bottom right corner) and click on ‘Profile’
2. Select ‘Insurance’ (the bar that has the umbrella for ‘rainy day fund’)
3. Select either ‘Opt-in’ or ‘Opt-out’ (orange button at the bottom)

The Self-Insurance screen on the mobile app reads as follows:

“We are building a self-insurance feature to protect you from

counter party risk. Opt-in below to be added to the waitlist and get exclusive updates and other news about this feature. We will contact you again at the launch of this feature to formally opt-in to receive insurance protection.”

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Self-Insurance Plan Questions for Celsius

Even with some information leaked, the community still has many questions:

1. How much will it cost an individual user to insure their assets?
2. How will this opt-in self-insurance policy cost be charged (ie. from weekly rewards, one-time fee, monthly payment etc.?)
3. What % of a users’ portfolio needs self-insurance (ie. how much is currently held in cold storage and insured by Fireblocks?)
4. What type of losses will be insured by the Celsius self-insurance policy?
5. Will the self-insurance plan be available to all users in all locations/jurisdictions?
6. Will the new Celsius insurance product be available to all supported assets or just some or a few?
7. Can a user opt-in for only assets of their choosing? Or is the self-insurance product all or none?
8. Will more loan options with higher loan-to-value (LTV) be launched?
9. What will happen to those who opt-out of this self-insurance plan?
10. Will opting-out affect a users’ reward rates on their crypto assets?
11. Will higher Loyalty Levels get a discount in the Celsius self-insurance policy payments? For example, will Platinum Level users get a 25% discount on payments much like loan interest APR?
12. Can users pay the self-insurance plan costs in CEL tokens (for a discount) or in any asset that they choose?
13. What does this mean about Celsius’ security measures for lending in the future? Will they continue to do their due diligence?
14. Why provide a crypto insurance plan if Celsius is so adamant that security is their top priority? Is the team not confident in their own abilities?
15. When is the product launching?

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ALL ABOUT CELSIUS

REWARDS & RATES

- DONATE
- DOWNLOAD & EARN
- JOIN CELSIUS and Get \$110 FREE
- Bitcoin
- CelsiusX by Celsius Network
- Reward Rates (APY)
- Reward Rates (APR)
- Reward Rates for US Users (APY & APR)
- APR versus APY
- In-Kind versus In-CEL
- Deep Dive into Earning In-Kind versus In-CEL
- Promo Codes
- Changes in Reward Rates
- Total Yield History & HODL % Per Asset
- 80% Revenue Goes Back to the Community in the form of Rewards
- Top 10 Celsius Lists
- Liquid Earn
- Current Prices
- Become a Celsius Ambassador

TOOLS & TIPS

- In-Kind Rewards Calculator
- In-CEL Rewards Calculator
- CEL Ratio Calculators
- Loan Margin Call & Liquidation Calculators
- Financial Freedom Calculator
- Passive Income Calculator
- Who Wants To Be A Celsianaire?
- Who Wants To Be a Crypto Millionaire?
- Get a Loan to Earn Higher Rewards
- Get a Loan to Earn Higher Rewards (In-CEL Calculator)
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Celsius Network Recurring

Purchases for Crypto

Join Celsius and Get \$110 FREE

Bitcoin in 6 Easy Steps



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Articles in this section

- How can I find myself on the “Leaderboard”?
- What are the requirements for OTC purchases?
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- How old are you?
- Do you charge fees?
- How secure is your app?
- Who performs audits for Celsius?

Does Celsius have an insurance policy?

5 months ago · Updated

Follow

Celsius does not have an insurance policy.

Fireblocks, our custodian, provides insurance on digital assets held by Celsius.

However, we generate interest rewards by deploying assets. When these assets are out of Celsius’s control, they can’t be insured by such insurance.

To ensure coin loans are always returned to Celsius, we require borrowers to post collateral of up to 150% (which means that the borrower gives Celsius an alternative asset as collateral for the asset they are borrowing) or we conduct thorough due diligence reviews of borrower’s financials and repayment ability.

Please review our [Terms of Use](#) for more details.

You can also watch the video below about "**what goes into protecting your assets**":

What goes into protecting Assets? - CEL Bites



Was this article helpful?

Yes

No

172 out of 341 found this helpful

Have more questions? [Submit a request](#)

Related articles

- What insurance do you provide?
- Accredited Investor FAQ
- What is covered by Celsius' Wallet's Insurance for user funds deposited with Celsius?




[Where can I find my IRS 1099-MISC report?](#)

[What are the fees for buying crypto within the Celsius app and what are the limits?](#)

Some of Celsius' products and services are presently unavailable and, therefore, some content on this page may not be up to date at this time.

*For further information, please contact our Customer Care team at **1-866-463-5669** or **support@celsius.network**.*

 **Powered by Zendesk**

A Secure End-to-end Solution For Managing Blockchain-Based Assets

Company Profile

GK8 founders are veterans of Israel’s elite cyber-security units, protecting the nation’s strategic assets from state level hackers.

Lead investors

Tech advisory board



Lior Lamesh
Co-founder & CEO



Shahar Shamai
Co-founder & CTO



IN Venture
Sumitomo Corporation
Venture Arm



Marius Nacht
Co-founder, Former Chairman
of Checkpoint



Discount Bank
#3 Largest Bank in Israel



Prof. Eran Trumer
Columbia University,
Founder of Zcash



What we do

We provide a secure, self-managed end-to-end platform, enables financial institutions to expand their services to include blockchain-based digital assets.

Offering a self-managed digital assets custody and wallets management solution with the highest insurance in the market.



How we do it

We developed a patented platform that utilizes the only TRUE air-gapped Cold Vault which is never connected to the internet.

As a 100% offline solution, it eliminates any potential cyber attack vectors on your customers' private keys.



Out-of-the-box, enterprise grade solution GK8 customers trust our platform with **over \$60 Billion** in digital assets. Here's a sample



Core activity: Social Trading platform and Crypto exchange
Main Markets served: Global

Why they chose GK8:

GK8's cold vault is the ONLY solution in the market that enables to create, sign and send blockchain transactions while being 100% offline, hence eliminating any potential attack vectors. Today, eToro's 13 Million users are securely trading digital assets with the protection of the ultimate cyber-security solution that keeps transactions safe and hackers away.



Core activity: Traditional custodian bank
Main Markets served: Europe & Latin America

Why they chose GK8:

With €440 Billion AUM, and €4.2 Billion in annual revenues, Prosegur wanted to leverage its clout and enter the blockchain. Since it had limited knowledge in safeguarding digital assets, the bank chose GK8 to provide an end-to-end solution with a cold vault with 100% cyber protection, an MPC for high-frequency transactions, and a simple customer app for managing digital assets.



Core activity: Publicly traded Crypto exchange
Main Markets served: U.S.

Why they chose GK8:

On top of providing 100% cyber protection, GK8 supports INX's security token with its asset-agnostic platform that supports all types of digital assets, as well as signing algorithms used in both public and permissioned blockchains.



The Problem:

Cybertheft of Digital Assets



\$3T in Cyberthefts in 2019

by **2022** the Cybercrime Epidemic
Will Cost the World
\$6 TRILLION
Annually

Blockchain technology: New threats in an immutable data structure.



AUG 3, 2016

**BITCOIN WORTH \$72 MILLION
STOLEN FROM BITFINEX
EXCHANGE IN HONG KONG**

Clare Baldwin



JAN 27, 2018

**\$530 MLN IN XEM STOLEN FROM
COINCHECK CAN BE TRACED, NEM
TEAM CONFIRMS**

Joseph Young



JUL 7, 2017

**BREAKING: HACKER STEALS \$32
MILLION IN ETHEREUM FROM 3
MULTISIG WALLETS**

Aziz Abdel-Qader



May 8, 2019

**HACKERS STEAL \$40 MILLION
WORTH OF BITCOIN FROM
BINANCE EXCHANGE**

Eric Lam

**Hackers
will Invest
Millions to
steal
Billions**



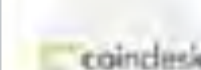
**COINCHECK SAYS IT LOST
CRYPTO COINS VALUED AT
ABOUT \$400 MILLION**

Yuji Nakamura



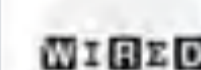
**ITALIAN CRYPTOCURRENCY
EXCHANGE GETS HACKED FOR
\$170 MILLION IN NANO**

Taylor Haskins



**BITPOINT EXCHANGE
HACKED FOR \$32 MILLION IN
CRYPTOCURRENCY**

Wolke Zhao



**THE INSIDE STORY OF MT.
GOX, BITCOIN'S \$460 MILLION
DISASTER**

Robert Monillan



**\$530 MLN
STOLEN FROM
COINCHECK CAN BE
TRACED.**

Joseph Young



Core Tech Challenge

1. Interactive and Bidirectional Blockchain Protocols
2. Irreversible Transactions





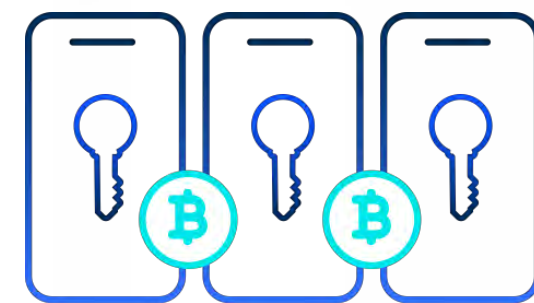
HOW TO HACK A CRYPTO WALLET?

COLD & HOT WALLET ARE ALWAYS VULNERABLE

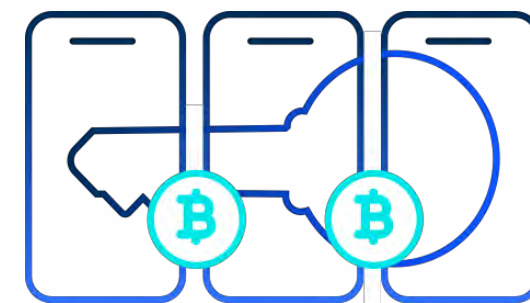
Blockchain Protocols Are Interactive



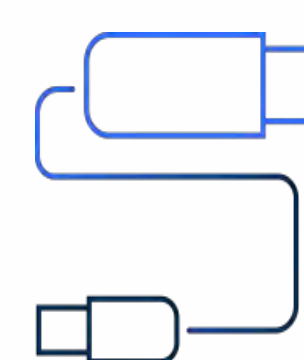
Private Keys Have Online Exposure While Sending Transaction



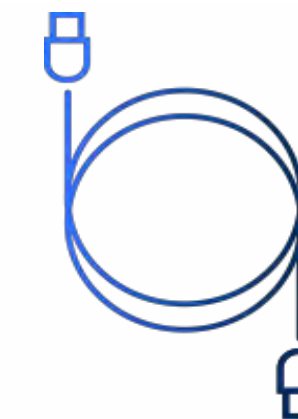
MULTISIG NATIVE WALLET



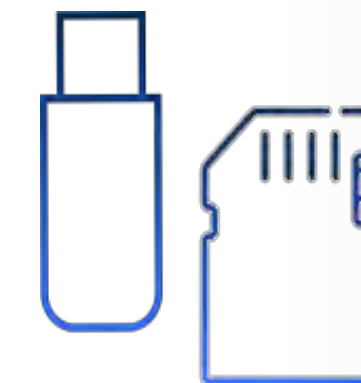
MULTISIG 2/3 MPC WALLET



MICRO USB CABLE



**HSM
(LAN / ETHERNET CABLE)**



SD CARD / DOK

Hackers Will Invest Millions to Steal Billions



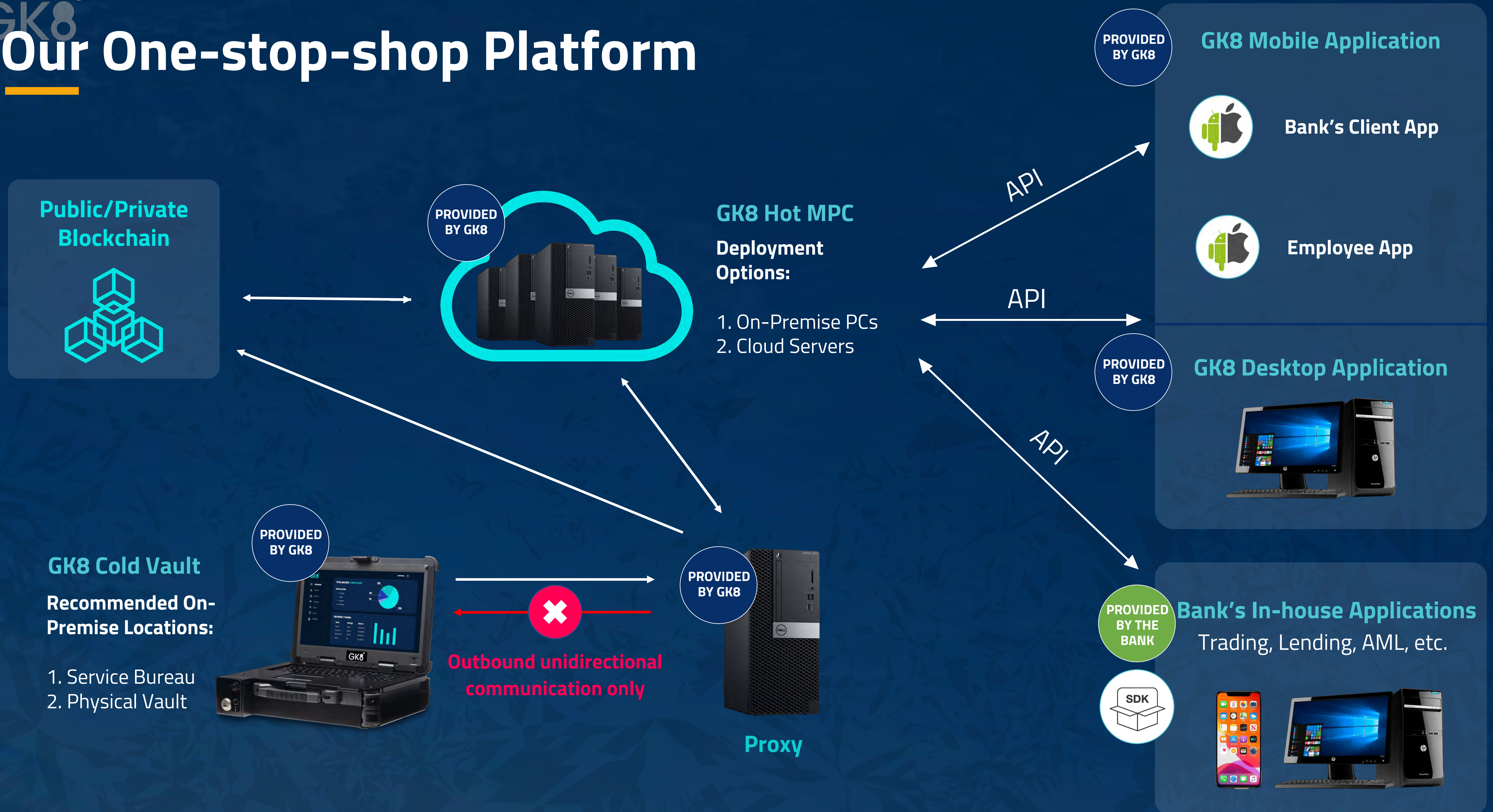
GK8 Solution

First: Outbound Unidirectional Approach (Patented)
Second: Building Cryptography Protocols Around It





Our One-stop-shop Platform



We've got you covered
Offering the highest
available coverage on
digital assets



GK8

Through our arrangement with
AON, GK8 customers can
quickly and seamlessly access
coverage of up to
\$750,000,000 per vault (NOT
pooled insurance!).

Service provided exclusively to
GK8 customers by Aon UK.

AON



Our solution complies with the Most Stringent Regulations

Designed to meet OCC and global requirements



- The platform was designed in accordance with crypto regulations on IT, Security, Control and Compliance
- Meeting/exceeding global requirements, including: OCC (U.S.), Bafin (Germany)
- Fully customizable account limits, segregations and whitelists
- The platform is fully compatible with 3rd party AML and KYC solutions
- Partnership with EY to provide Crypto balance attestation on digital assets
- GK8 is Soc2Type2 Compliant by EY



We're 100% asset-agnostic

Our platform serves as the building block for ANY asset over public & private Blockchain



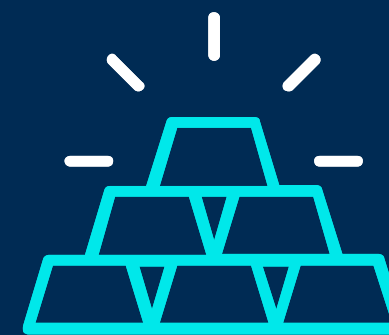
All types of
cryptocurrency



Security tokens



Real Estate tokens



Gold & precious
metals tokens



Utility tokens

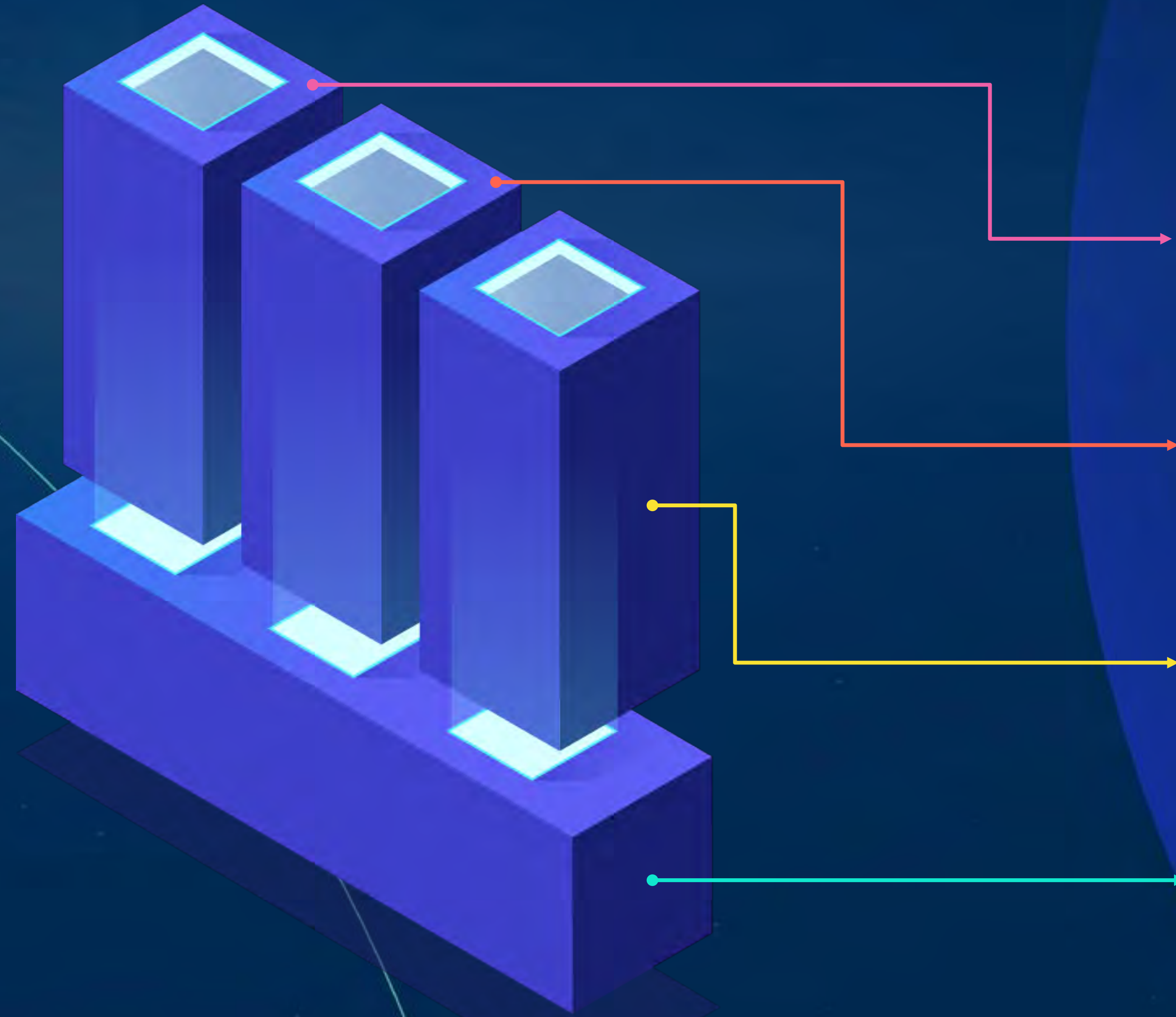


Smart Contract
support





Creating new revenue channels: Crypto (public Blockchain)



Crypto Prime Brokerage

- Launch an entirely new line of business
- Facilitate institutional crypto trading
- Prime brokerage fees (on top of custody, staking, DeFi, etc.)

DeFi

- DeFi fees from Borrowing & Lending
- Attract new customers currently being serviced by Crypto exchanges

Staking

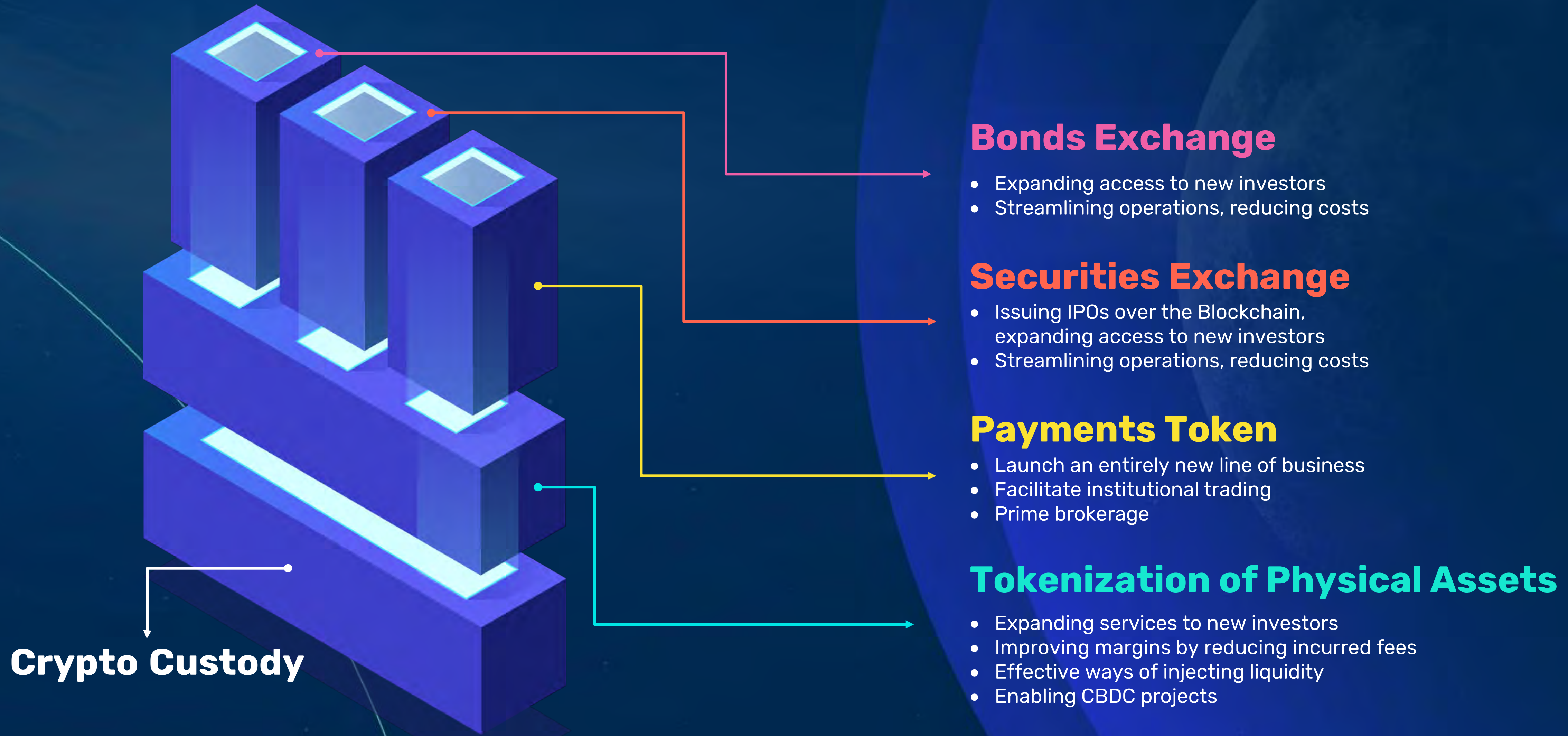
- Staking fees
- New direct investment channel
- Acquire market share from crypto exchanges

Crypto Custody

- Custody fees
- Transaction fees
- Attract new customers



Creating new revenue channels: Tokens (Enterprise Blockchain)





The Cold Vault user is able to "delegate" funds from the Cold Vault blockchain address to the Validator's address on the blockchain.

The private keys of the Cold Vault never leave the Vault during the process and are stored safely offline.

The delegated funds must remain stored offline at all times and never sent to another blockchain address (making them effectively "locked").

The Validator starts using the staked funds to validate new blocks and in return, receives the rewards back from the network, to the address of the Cold Vault the blockchain.

A Cold Vault user is able to cancel the stake at any time and the funds and rewards will become unlocked and ready to use for any other purpose.



eToro Global Chief Information
Security officer (CISO)



Until we met GK8, we didn't find any real cold solution: all solutions were connected by drivers, power or devices. A persistent hacker will overcome your process and steal your private keys. **This is the first time we were introduced to a real cold environment that's not connected to the internet, which the attacker can't reach.**

Thank You!

May Michelson – Director of Global Sales|
e-mail: may@gk8.io